

Department of Child Safety

	FY 2016 ACTUAL	FY 2017 ESTIMATE	FY 2018 BASELINE
OPERATING BUDGET			
<i>Full Time Equivalent Positions</i>	3,057.1	3,193.1	3,193.1
Personal Services	99,696,500	56,078,100	56,078,100
Employee Related Expenditures	42,133,000	31,625,400	31,625,400
Professional and Outside Services	14,962,000	15,465,500	15,465,500
Travel - In State	2,490,100	2,994,100	2,994,100
Travel - Out of State	454,400	5,000	5,000
Other Operating Expenditures	34,551,000	8,447,400	8,447,400
Equipment	2,212,800	1,181,800	1,181,800
OPERATING SUBTOTAL	196,499,800	115,797,300	115,797,300
SPECIAL LINE ITEMS			
Additional Operating Resources			
Caseworkers	0	100,617,700	100,617,700
Backlog Privatization	2,700,000	2,700,000	2,700,000
New Case Aides	0	3,060,600	3,060,600
Attorney General Legal Services	21,471,800	25,416,800	25,416,800
General Counsel	140,100	155,500	155,500
Inspections Bureau	2,486,000	2,470,100	2,470,100
Internet Crimes Against Children	350,000	0	0
Litigation Expenses	2,867,600	0	0
Office of Child Welfare Investigations	7,371,300	10,611,100	10,611,100
Overtime Pay	12,298,500	8,370,000	8,370,000
Records Retention Staff	595,600	592,900	592,900
Retention Pay	630,600	1,707,000	1,707,000
Training Resources	5,150,000	5,150,000	5,150,000
Out-of-Home Placements			
Adoption Services	206,008,400	225,698,100	225,698,100
Emergency and Residential Placement	103,294,600	98,900,100	98,900,100
Foster Care Placement	58,563,900	65,595,500	65,595,500
Grandparent Stipends	888,600	1,000,000	1,000,000
Independent Living Maintenance	4,139,100	4,660,000	4,660,000
Permanent Guardianship Subsidy	11,715,100	12,516,900	12,516,900
Support Services			
DCS Child Care Subsidy	49,339,500	45,159,400	45,159,400
In-Home Preventive Support Services	36,278,400	0	0
Intensive Family Services	8,500,000	0	0
In-Home Mitigation	0	28,988,100	28,988,100
Preventive Services	0	15,148,300	15,148,300
Out-of-Home Support Services	207,730,700	198,272,500	198,272,500
AGENCY TOTAL	939,019,600	972,587,900	972,587,900
FUND SOURCES			
General Fund	399,165,900	379,179,400	379,179,400
<u>Other Appropriated Funds</u>			
Child Abuse Prevention Fund	1,459,300	1,459,300	1,459,300
Children and Family Services Training Program Fund	207,900	207,100	207,100
Federal Child Care and Development Fund Block Grant	27,000,000	27,000,000	27,000,000
Federal Temporary Assistance for Needy Families Block Grant	149,323,900	149,472,700	149,472,700

	FY 2016 ACTUAL	FY 2017 ESTIMATE	FY 2018 BASELINE
Risk Management Revolving Fund	2,867,600	0	0
SUBTOTAL - Other Appropriated Funds	180,858,700	178,139,100	178,139,100
SUBTOTAL - Appropriated Funds	580,024,600	557,318,500	557,318,500
Expenditure Authority Funds			
Child Safety Expenditure Authority	358,995,000	415,269,400	415,269,400
SUBTOTAL - Expenditure Authority Funds	358,995,000	415,269,400	415,269,400
SUBTOTAL - Appropriated/Expenditure Authority Funds	939,019,600	972,587,900	972,587,900
TOTAL - ALL SOURCES	939,019,600	972,587,900	972,587,900

AGENCY DESCRIPTION — The department investigates reports of child abuse and neglect, promotes the safety of a child in a stable family or other out-of-home placement in response to allegations of abuse or neglect, works with law enforcement regarding reports that include criminal conduct allegations, and coordinates services to achieve and maintain permanency on behalf of children in the child welfare system.

Summary

DCS' General Fund spending would remain unchanged in FY 2018.

As part of the FY 2018 budget process, the Legislature will need to address the following issues:

- Allocation of backlog privatization funding (*See Backlog Privatization line item for additional information.*)
- Triggered funding for new case aides and overtime pay (*See New Case Aides and Overtime Pay line items for additional information.*)
- Allocation of retention pay (*See Retention Pay line item for additional information.*)
- Benchmarks for hiring, caseworker caseloads, the backlog, open reports, and out-of-home children (*See Footnotes section for information on the current benchmarks.*)
- New audits of DCS (*See Other Issues for more information.*)
- Line item transfers (*See Other Issues for more information.*)

Other Funding

ADOA was also appropriated \$4,581,600 from the General Fund in FY 2017 through the Automation Projects Fund for the Children's Information Library and Data Source (CHILDS) replacement project. The Baseline includes an additional \$5,000,000 for CHILDS replacement in FY 2018. (*Please see ADOA - Automation Projects Fund section for details regarding this information technology project.*)

Operating Budget

The Baseline includes \$115,797,300 and 1,311.9 FTE Positions in FY 2018 for the operating budget. These amounts consist of:

	FY 2018
General Fund	\$57,797,800
Federal TANF Block Grant	16,928,000
Child Safety Expenditure Authority	41,071,500

These amounts are unchanged from FY 2017.

Additional Operating Resources

Caseworkers

The Baseline includes \$100,617,700 and 1,406 FTE Positions in FY 2018 for caseworkers. These amounts consist of:

General Fund	36,199,500
Children and Family Services Training Program Fund	207,100
Federal TANF Block Grant	30,000,000
Child Safety Expenditure Authority	34,211,100

These amounts are unchanged from FY 2017.

Monies in this line item fund caseworker positions I, II, III and IV, including salary, benefits, other operating expenses and in-state travel.

(*Please see the Other Issues section for more information on caseworker hiring and workload.*)

Backlog Privatization

The Baseline includes \$2,700,000 from the General Fund in FY 2018 for Backlog Privatization. This amount is unchanged from FY 2017.

Background - On June 2, 2014, DCS reported 13,024 backlog cases. "Backlog case" essentially means any nonactive case for which documentation has not been entered in the child welfare automated system for at least 60 days.

Monies in this line item provide funding for private contractors to assist DCS in addressing the backlog of non-active cases. A footnote in the FY 2017 General Appropriation Act requires JLBC review of DCS' expenditure plan for proposed private contractor awards. In June 2016, JLBC favorably reviewed DCS' plan to expand an existing contract with Southwest Human Development (SWHD) to reduce the backlog, releasing \$2,700,000 of FY 2016 backlog privatization monies. In September 2016, DCS reported to JLBC that it expected to spend \$500,000 of that amount for the contract with SWHD, and requested to spend the remaining \$2,200,000 on contracted permanency services.

JLBC favorably reviewed DCS' plan, with the provisions that the contracted permanency services would only proceed after the backlog is reduced to below 1,000 cases and DCS' compliance with associated reporting requirements. As of November 2016, DCS has not submitted a plan for review for the expenditure of the \$2,700,000 of FY 2017 backlog privatization funding.

Relative to the 13,024 June 2, 2014 backlog cases, DCS had initially either activated the cases or closed them. In terms of current activity, the 10,751 backlog cases on March 2016 consisted of 1,026 relapsed June 2, 2014 backlog cases and 9,725 post-June 2, 2014 backlog cases. By November 2016, total backlog cases had fallen to 3,714, including 222 relapsed June 2, 2014 cases. DCS is projecting that the backlog will be eliminated by the end of January 2017. If DCS is successful in meeting the benchmark for backlog cases, the Legislature may consider alternative uses for backlog privatization funding for the remainder of FY 2017 and in FY 2018.

New Case Aides

The Baseline includes \$3,060,600 and 34 FTE Positions in FY 2018 for New Case Aides. These amounts consist of:

General Fund	2,490,400
Child Safety Expenditure Authority	570,200

These amounts are unchanged from FY 2017.

Monies in this line item fund 34 new case aides. In addition, 256 case aides were being funded from the operating budget in May 2016.

The Baseline continues a footnote stipulating that this funding is only available to the department after JLBC review of private contractor awards. The Legislature may consider modifying this requirement depending on the allocation of backlog privatization funding in FY 2018.

Attorney General Legal Services

The Baseline includes \$25,416,800 and 276.2 FTE Positions in FY 2018 for Attorney General Legal Services. These amounts consist of:

General Fund	18,600,600
Federal TANF Block Grant	99,400
Child Safety Expenditure Authority	6,716,800

These amounts are unchanged from FY 2017.

Monies in this line item fund the attorneys and support staff in the Attorney General's Protective Services Section (PSS). Attorney General staff represents DCS in dependency, guardianship, severance and adoption proceedings throughout the state. This line item does not include funding for the Attorney General's defense of DCS in ongoing class action litigation. (*Please see the Litigation Expenses Special Line Item for additional information.*)

General Counsel

The Baseline includes \$155,500 and 1 FTE Position from the General Fund in FY 2018 for General Counsel. These amounts are unchanged from FY 2017.

Unlike the Attorney General Legal Services line item which funds representation of DCS in administrative or judicial proceedings, monies in this line item fund the DCS General Counsel, who provides legal advice to the Director.

Inspections Bureau

The Baseline includes \$2,470,100 and 31 FTE Positions in FY 2018 for the Inspections Bureau. These amounts consist of:

General Fund	1,327,000
Federal TANF Block Grant	549,700
Child Safety Expenditure Authority	593,400

These amounts are unchanged from FY 2017.

These monies fund the Office of Quality Improvement, formerly known as the Inspections Bureau, which monitors DCS policies and procedures to ensure they are being followed by all staff in accordance with federal and state law. The Office of Quality Improvement also reviews vendor invoices to ensure accuracy and compliance with DCS contracts.

Litigation Expenses

The Baseline includes no funding in FY 2018 for Litigation Expenses. This amount is unchanged from FY 2017.

DCS is currently a defendant in 2 class action lawsuits in federal courts. *B.K. v. McKay* concerns the adequacy of the state's foster care services, including access to health services for foster children, the availability of family foster placements, investigations of maltreatment within foster placements, and practices to maintain family relationships. The Arizona Health Care Cost Containment System (AHCCCS) and the Department of Health Services (DHS) are also defendants in the case. The case has not yet gone to trial.

The other case, *A.D. v. Washburn*, involves a challenge by the Goldwater Institute to the federal Indian Child Welfare Act (ICWA). ICWA provides federally recognized Native American tribes with jurisdiction over child welfare services for children enrolled in or eligible for enrollment in a tribe. DCS is a defendant in the case in its capacity as the agency responsible for administering and enforcing ICWA in Arizona. DCS reports that *A.D. v. Washburn* is at the discovery stage of litigation.

The FY 2017 budget included \$2,867,600 from the Risk Management Revolving Fund in FY 2016 for litigation expenses associated with both cases. The appropriation is non-lapsing until June 30, 2018, and DCS is using the funds to pay for an interagency service agreement (ISA) with the Attorney General for its legal defense, expert witnesses, discovery costs, and other expenses.

In September 2016, DCS and the Attorney General's Office amended the ISA to add 2 attorneys and 1 legal assistant for the *B.K. v. McKay* case, resulting in a total of 8 legal staff working on the 2 cases. As a result of the ISA amendment, DCS is expecting its litigation expenses funding to be fully expended before the end of FY 2018.

Office of Child Welfare Investigations

The Baseline includes \$10,611,100 and 127 FTE Positions in FY 2018 for the Office of Child Welfare Investigations (OCWI). These amounts consist of:

General Fund	9,509,100
Child Safety Expenditure Authority	1,102,000

These amounts are unchanged from FY 2017.

Monies in this line item fund OCWI, which investigates criminal conduct allegations of child abuse in conjunction with local law enforcement. As of October 2016, the department had hired 80 of the 127 appropriated FTE Positions.

Overtime Pay

The Baseline includes \$8,370,000 in FY 2018 for Overtime Pay. This amount consists of:

General Fund	2,593,900
Federal TANF Block Grant	3,859,500
Child Safety Expenditure Authority	1,916,600

These amounts are unchanged from FY 2017.

Monies in this line item fund overtime pay for DCS. The Baseline continues a footnote states that 75% of this funding is only available to the department after JLBC review of private contractor awards. The Legislature may consider modifying this requirement depending on the allocation of FY 2018 backlog privatization funding.

Records Retention Staff

The Baseline includes \$592,900 and 5 FTE Positions in FY 2018 for Records Retention Staff. These amounts consist of:

General Fund	496,900
Child Safety Expenditure Authority	96,000

These amounts are unchanged from FY 2017.

Monies in this line item fund staff that process information requests about children in the state child welfare system.

Retention Pay

The Baseline includes \$1,707,000 from the General Fund in FY 2018 for Retention Pay. This amount is unchanged from FY 2017.

This funding provides retention pay of \$1,000 for 18 months of employment and \$3,000 for 36 months of employment. Retention pay is a one-time lump sum payment upon meeting the longevity requirements. In June 2016, DCS discontinued retention pay for new hires. In its FY 2018 budget submittal, DCS is requesting that this funding be reallocated to a new performance bonus program and for salary increases for caseworkers with 3 or more years of experience.

Training Resources

The Baseline includes \$5,150,000 in FY 2018 for Training Resources. This amount consists of:

General Fund	150,000
Child Safety Expenditure Authority	5,000,000

These amounts are unchanged from FY 2017.

DCS has agreements with Arizona State University (ASU) and Northern Arizona University (NAU) to educate potential caseworkers. As part of that agreement, the federal government provides Title IV-E funding for the universities' social work programs while the universities provide the state match. The federal match rate is 75%. The majority of the funding in this line is for social work programs at ASU and NAU while the remainder is for student scholarships.

Students receive scholarships that cover their tuition, books, and university fees. Scholarship degrees include a Bachelors of Social Work (BSW) or a Masters of Social Work (MSW). The post-graduation DCS work requirement for scholarship students is equal to the length of the academic scholarship. For example, a scholarship student in the 2-year MSW program would be required to work at DCS for 2 years; a senior year-only BSW scholarship student would be obligated to work for 1 year at DCS, although BSW students can receive scholarships starting in their junior year.

The 2-year MSW scholarship value is about \$36,000 (\$11,000 stipend and \$25,000 tuition/fees). Students who withdraw from the scholarship, do not fulfill their contractual obligation, or do not meet the employment requirement of DCS at the time of hiring are technically required to repay DCS the scholarship amount. Of the 19

forfeited social work scholarships since 2012, however, 16 had not been repaid, nor was DCS actively pursuing their repayment.

The Legislature appropriated \$150,000 from the General Fund in FY 2015 to streamline and shorten the classroom training of caseworkers. DCS also operates a training academy. The training academy is funded out of the operating budget.

Out-of-Home Placements

Adoption Services

The Baseline includes \$225,698,100 in FY 2018 for Adoption Services. This amount consists of:

General Fund	75,965,800
Federal TANF Block Grant	20,445,700
Child Safety Expenditure Authority	129,286,600

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 23,083 clients received adoption subsidies; the average monthly cost for FY 2016 was \$746. At that monthly cost, the Baseline funds 25,264 total placements in FY 2018.

Background – The program subsidizes the adoption of children who otherwise would entail high financial risks to prospective parents because of physical, mental, or emotional disorders or who would be otherwise difficult to place in adoption because of age, sibling relationship, or racial or ethnic background. The funding provides for maintenance subsidies, special services subsidies, expenditures related to the legal process of adopting a child, and adoption home recruitment costs.

Emergency and Residential Placement

The Baseline includes \$98,900,100 in FY 2018 for Emergency and Residential Placement. This amount consists of:

General Fund	41,028,000
Federal TANF Block Grant	16,423,000
Child Safety Expenditure Authority	41,449,100

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 528 children received emergency placement services while 2,418 children received residential (non-foster care) placement services. At an average monthly cost of \$2,803 per

emergency placement and \$3,079 per residential placement, funding in this line is sufficient for an average monthly caseload of 488 emergency placements and 2,234 residential placements in FY 2018.

Background – The Emergency and Residential Placement line provides funding for 1) short-term placement until a more permanent placement can be arranged and 2) behavioral or other therapeutic residential treatment.

Foster Care Placement

The Baseline includes \$65,595,500 in FY 2018 for Foster Care Placement. This amount consists of:

General Fund	30,187,500
Federal TANF Block Grant	6,973,100
Child Safety Expenditure Authority	28,434,900

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 7,065 clients received licensed foster care services; the average monthly cost for FY 2016 was \$680. At an average monthly cost of \$680 per foster placement, funding in this line is sufficient for an average monthly caseload of 8,041 foster care placements in FY 2018.

On average, another 6,581 children received services from unlicensed foster caregivers, most of whom are relatives. Unlicensed foster caregivers are not eligible for maintenance subsidies funded in this line item, but may receive allowances and other support services funded in the Out-of-Home Support Services line item. Unlicensed foster caregivers who are grandparents may also be eligible for a monthly stipend. *(Please see Grandparent Stipends line item for additional information.)*

Background – The Foster Care Placement line item provides funding for the placement of children in the child welfare system into foster homes. This line item only includes the cost of the maintenance payments, not additional support services.

Grandparent Stipends

The Baseline includes \$1,000,000 from the General Fund in FY 2018 for Grandparent Stipends. This amount is unchanged from FY 2017.

Caseload – In FY 2016, an average of 876 clients received a \$75 monthly stipend. At \$75 monthly, the appropriation is sufficient for 1,111 clients in FY 2018.

Background – The program provides a monthly stipend per child to an unlicensed foster grandparent or great-grandparent who has an income that does not exceed 200% of the Federal Poverty Level, does not receive TANF Cash Benefits, and does not receive a permanent guardianship subsidy.

Independent Living Maintenance

The Baseline includes \$4,660,000 in FY 2018 for Independent Living Maintenance. This amount consists of:

General Fund	2,969,300
Child Safety Expenditure Authority	1,690,700

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 534 clients received independent living maintenance services; the average monthly subsidy for FY 2016 was \$626. At \$626 monthly, the appropriation is sufficient for 620 total placements in FY 2018.

Background – These youths are living on their own and are either enrolled in a postsecondary program or employed. Besides the stipends funded in this line item, the Independent Living program also provides training and support services to children who will likely reach the age of 18 while in out-of-home care. The Out-of-Home Support Services line item funds these support services. The services provided include life skills training, educational support and assistance, an education training voucher, employment assistance, counseling, allowances and financial incentives for reaching certain milestones, voluntary foster care, after care services, health care, post-secondary education and training, and other services. In FY 2016, the program spent \$4,993,000 on non-stipend independent living services.

Permanent Guardianship Subsidy

The Baseline includes \$12,516,900 in FY 2018 for the Permanent Guardianship Subsidy. This amount consists of:

General Fund	10,573,900
Federal TANF Block Grant	1,943,000

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 2,569 clients received permanent guardianship subsidies; the average monthly subsidy for FY 2016 was \$381. At \$381 monthly,

the funding in this line item is sufficient to fund 2,739 total placements in FY 2018.

Background – The Guardianship Subsidy program supports permanent placements for children who cannot return home and for whom adoption is not an option.

The guardianship subsidy is intended to be only a partial reimbursement for expenses involved in the care of the child. The funding only provides for maintenance subsidies, which are provided to assist with the expenses involved in addressing the special needs of the child.

Support Services

DCS Child Care Subsidy

The Baseline includes \$45,159,400 in FY 2018 for the DCS Child Care Subsidy. This amount consists of:

General Fund	7,000,000
Federal CCDF Block Grant	27,000,000
Child Safety Expenditure Authority	11,159,400

These amounts are unchanged from FY 2017.

Caseload – In FY 2016, a monthly average of 9,903 children received DCS child care; the average monthly subsidy for FY 2016 was \$405. At \$405 monthly, the funding in this line item is sufficient for an average monthly caseload of 9,290 children in FY 2018.

Background – Monies in this line item fund child care for children in the DCS system. DES continues to administer the state's child care program, so this funding is passed through to DES. Children who qualify for the DCS child care subsidy are not subject to a time limit, copay, or waiting list. DCS child care is provided for children in licensed foster care, unlicensed foster care and their own homes who are receiving preventive services. *(Please see the Child Care Subsidy line item in the DES narrative for other state child care funding.)*

In-Home Mitigation

The Baseline includes \$28,988,100 and 1 FTE Position in FY 2018 for In-Home Mitigation. These amounts consist of:

General Fund	15,794,000
Child Abuse Prevention Fund	1,459,300
Federal TANF Block Grant	5,911,200
Child Safety Expenditure Authority	5,823,600

These amounts are unchanged from FY 2017.

Monies in this line item fund interventions for children experiencing maltreatment. The interventions include substance abuse treatment, case management, family support services, reunification services, interpreter services, lab services, parent aide services, counseling, transportation, moderate and intensive in-home services, the housing subsidy, and emergency funding.

Preventive Services

The Baseline includes \$15,148,300 in FY 2018 for Preventive Services. This amount consists of:

General Fund	4,000,000
Child Safety Expenditure Authority	11,148,300

These amounts are unchanged from FY 2017.

Monies in this line item fund programs targeted at families in need to alleviate identified problems and prevent escalation. The targeted interventions include the Healthy Families and Building Resilient Families programs.

Out-of-Home Support Services

The Baseline includes \$198,272,500 in FY 2018 for Out-of-Home Support Services. This amount consists of:

General Fund	56,933,200
Federal TANF Block Grant	46,340,100
Child Safety Expenditure Authority	94,999,200

These amounts are unchanged from FY 2017.

Caseload – For September 2016, the department reported 18,046 out-of-home children were receiving support services.

Background – The Out-of-Home Support Services line item provides support services for out-of-home clients, in the categories displayed in *Table 1*. This line item and the In-Home Mitigation line item fund Arizona Families F.I.R.S.T. *(Please see the FY 2017 Appropriations Report for more information.)*

The Out-of-Home Support Services line item also provides full coverage of the medical and dental expenses of foster children. The General Fund monies in this CMDP provide medical services to children who are not eligible for coverage through the Arizona Health Care Cost Containment System (AHCCCS). AHCCCS also provides behavioral health services for foster children.

Table 1 shows DCS' actual FY 2016 expenditures for in-home, out-of-home, and preventive services. The current CHILDS system has limitations that prevent a clear distinction between expenditures for children receiving In-Home Preventive Support Services and children receiving Out-of-Home Support Services. In August 2016, there were 1,676 in-home cases.

Table 1

**In-Home and Out-of-Home Support Services
FY 2016 Actual Expenditures by Service Category**

<u>Services</u>	<u>Amount</u>
Parent Aide	\$ 75,248,400
CMDP	42,795,100
Foster Home Recruitment	33,030,100
Transportation	20,858,400
Allowances ^{1/}	11,791,600
Healthy Families	10,715,100
In-Home ^{2/}	9,859,600
Substance Abuse Treatment	9,390,000
Behavioral Health Services	9,045,500
Intensive Family Services	8,505,400
Lab Services	6,689,700
Independent Living	4,993,000
Other	<u>5,533,500</u>
Total ^{3/}	\$248,455,400

^{1/} Includes a clothing allowance, personal allowance, and special allowance. Some examples of special allowances are emergency clothing, special needs, books/education, graduation, and diapers.

^{2/} In-home services can include crisis intervention counseling, martial and family therapy, respite care, home management and nutrition, and linkages with community resources

^{3/} Data as of September 2016.

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FORMAT — Operating Lump Sum with Special Line Items by Agency

FOOTNOTES

Standard Footnotes

Operating Resources

The Department of Child Safety shall provide training to any new child safety FTE Positions before assigning to any of these employees any client caseload duties.

It is the intent of the Legislature that the Department of Child Safety use its funding to achieve a 100% investigation rate.

The appropriation for the Office of Child Welfare Investigations is solely for the costs of employees directly hired by the Office of Child Welfare Investigations. At least 30 days before any transfer into or out of the Office of Child Welfare Investigations line item, the department shall report the proposed transfer to the Director of the Joint Legislative Budget Committee.

Out-of-Home Placements

Of the amounts appropriated for Out-of-Home Support Services, Emergency and Residential Placement and Foster Care Placement, the Department of Child Safety may transfer up to 10% of the total amount of Federal Temporary Assistance for Needy Families Block Grant monies appropriated to the Department of Economic Security and the Department of Child Safety to the Social Services Block Grant for use in the following line items in the Department of Child Safety: Out-of-Home Support Services, Emergency and Residential Placement and Foster Care Placement. Before transferring federal Temporary Assistance for Needy Families Block Grant monies to the Social Services Block Grant, the Department of Child Safety shall report the proposed amount of the transfer to the Director of the Joint Legislative Budget Committee. This report may be in the form of an expenditure plan that is submitted at the beginning of the fiscal year and updated, if necessary, throughout the fiscal year.

The amount appropriated for Grandparent Stipends shall be used for a monthly stipend for a grandparent or any level of great-grandparent if a dependent child is placed in that person's care pursuant to department guidelines.

Support Services

It is the intent of the Legislature that the amount appropriated for the Preventive Services and In-Home Mitigation line items be used for families whose children are at risk of out-of-home placement due to abuse, neglect or dependency and the amount appropriated for the Out-of-Home Support Services line item be used for children in out-of-home placements.

Departmentwide

For the purposes of this section, "backlog case":

1. Means any nonactive case for which documentation has not been entered in the child welfare automated system for at least 60 days and for which services have not been authorized for at least 60 days and any case that has had an investigation, has been referred to another unit and has had no contact for at least 60 days.

2. Includes any case for which the investigation has been open without any documentation or contact for at least 60 days, any case involving in-home services for which there has been no contact or services authorized for at least 60 days and any case involving foster care in which there has been no contact or any documentation entered in the child welfare automated system for at least 60 days.

For the purposes of this section, "open report" means a report that is under investigation or awaiting closure by a supervisor.

On or before September 30, 2017, and on or before the last day of every calendar quarter through June 30, 2018, the Department of Child Safety shall present a report for review by the Joint Legislative Budget Committee on the progress made in increasing the number of filled FTE Positions, meeting the caseload standard and reducing the number of backlog cases and out-of-home children. The report shall include the number of backlog cases, the number of open reports, the number of out-of-home children and the caseworker workload on March 31, 2016 in comparison to the latest quarter. The report shall provide the number of backlog cases by disposition, including the number of backlog cases in the investigation phase, the number of backlog cases associated with out-of-home placements and the number of backlog cases associated with in-home cases. *(This footnote will need to be updated for the FY 2018 budget.)*

To determine the caseworker workload, the department shall report the number of case-carrying caseworkers at each field office and the number of investigations, in-home cases, and out-of-home children assigned to each field office. The quarterly report shall provide the same information on the total number of filled FTE Positions as is required by the monthly hiring report. *(These benchmarks will need to be updated for the FY 2018 budget.)*

For backlog cases, the department's quarterly benchmarks are as follows: 10,000 cases as of September 30, 2016, 7,000 cases as of December 31, 2016, 4,000 cases as of March 31, 2017 and fewer than 1,000 cases as of June 30, 2017 and thereafter. *(These benchmarks will need to be updated for the FY 2018 budget.)*

For open reports, the department's benchmark is to have fewer than 13,000 open reports as of June 30, 2017 and thereafter. *(This benchmark will need to be updated for the FY 2018 budget.)*

For out-of-home children, the department's benchmark is to reduce the number of children in out-of-home care by

an average of an additional 2.0% every quarter with respect to the out-of-home care population as of December 31, 2016. It is the intent of the Legislature that the out-of-home care population be below 17,500 and that the cumulative reduction as compared to the population as of December 31, 2016 be 11.4% on or before June 30, 2018. *(These benchmarks will need to be updated for the FY 2018 budget.)*

If the Department of Child Safety has not submitted the quarterly report within 30 days after the last day of the calendar quarter, the Director of the Joint Legislative Budget Committee shall inform the General Accounting Office of the Department of Administration, which shall withhold 2.0% of the department's operating lump sum quarterly budget allocation until the quarterly report is submitted.

Beginning on the 7th day of the month following the effective date of this act and on the 7th day of each month thereafter through June 30, 2018, the Department of Child Safety shall issue to the Governor, the Chairpersons of the House of Representatives Appropriations and Children and Family Affairs Committees and the Senate Appropriations and Health and Human Services Committees and the Directors of the Joint Legislative Budget Committee and the Governor's Office of Strategic Planning and Budgeting a report on new hires and separations. The report shall include the total number of FTE Positions funded and the total number of FTE Positions filled on the last day of each month. The department shall also delineate new hires and separations by case-carrying caseworkers, hotline staff, caseworkers-in-training, assistant program managers, unit supervisors, case aides, Office of Child Welfare Investigations staff and administrative staff by function.

The amount appropriated for any line item may not be transferred to another line item or the operating budget unless the transfer is reviewed by the Joint Legislative Budget Committee.

Child Safety Expenditure Authority includes all department funding sources excluding the state General Fund, the federal Child Care and Development Fund Block Grant, the federal Temporary Assistance for Needy Families Block Grant, the Child Abuse Prevention Fund and the Children and Family Services Training Program Fund.

The Department of Child Safety shall forward to the President of the Senate, the Speaker of the House of Representatives, the Chairpersons of the Senate and House of Representatives Appropriations Committees and the Director of the Joint Legislative Budget Committee a

monthly report comparing total expenditures for the month and year-to-date as compared to prior year totals on or before the 30th of the following month. The report shall include a plan, if necessary, for eliminating any shortfall without a supplemental appropriation.

The Overtime Pay appropriation includes a total of \$2,610,700 from the state General Fund, \$3,859,500 from the federal Temporary Assistance for Needy Families Block Grant and \$1,929,800 from Child Safety Expenditure Authority. The Backlog Privatization appropriation includes a total of \$2,700,000 from the state General Fund. The New Case Aides appropriation includes \$2,500,000 from the state General Fund and \$577,700 from Child Safety Expenditure Authority to hire additional case aides. Of these amounts, a total of \$652,700 from the state General Fund, \$964,900 from the federal Temporary Assistance for Needy Families Block Grant and \$482,500 from the Child Safety Expenditure Authority in the Overtime Pay appropriation are available to the department on July 1, 2017. Before expending any remaining monies in the Overtime Pay appropriation or any monies in the Backlog Privatization and New Case Aides appropriations, the department shall submit for review by the Joint Legislative Budget Committee a report on private contractor awards to address the backlog. After the report is reviewed by the Joint Legislative Budget Committee, the remaining \$1,958,000 from the state General Fund, \$2,894,600 from the federal Temporary Assistance for Needy Families Block Grant and \$1,447,300 from the Child Safety Expenditure Authority in the Overtime Pay appropriation, along with \$2,700,000 from the state General Fund in the Backlog Privatization appropriation and \$2,500,000 from the state General Fund and \$577,700 from Child Safety Expenditure Authority in the New Case Aides appropriation, are available to the department. *(This footnote will need to be updated for FY 2018 budget.)*

All expenditures made by the Department of Child Safety for Attorney General legal services shall be funded only from the Attorney General Legal Services line item. Monies in Department of Child Safety line items intended for this purpose shall be transferred to the Attorney General Legal Services line item before expenditure.

Deletion of Prior Year Footnotes

The Baseline would delete footnotes related to the following issues:

- DCS' "bridge loan" authority from the Budget Stabilization Fund and associated reporting requirements.

- Reporting requirements regarding the Moss-Adams Audit.
- Implementation of changes to risk assessment procedures recommended by the Auditor General.
- Reports on DCS' administrative staffing levels.
- Attorney General Legal Services structural shortfall.
- Litigation Expenses funding.

STATUTORY CHANGES

The Baseline would:

- As session law, continue to require DCS and the Arizona Early Childhood Development and Health Board to submit a joint report to JLBC on or before February 1, 2018 on their collaborative efforts to address child welfare issues of common concern.
- As session law, require the Auditor General to complete 3 annual audits of DCS in FY 2018 *(please see Other Issues for more information)*.

Other Issues

This section includes information on the following topics:

- Auditor General Recommendation
- Title IV-E Waiver
- Line Item Transfers
- Caseworker Hiring
- Caseworker Workload
- TANF Block Grant
- DCS Reporting Requirements
- ADOA-DCS Start-up Funding

Auditor General Recommendation

The FY 2016 Human Services Budget Reconciliation Bill (Laws 2015, Chapter 18), required the Auditor General to report on Department of Child Safety's permanency practices on or before September 30, 2016.

After a child is placed in out-of-home care, DCS is responsible for helping to find a permanent placement for that child. A permanent placement could include reunification with family, adoption, or permanent legal guardianship.

Findings

The department is required to participate in juvenile court hearings that determine permanency decisions for out-of-home children. The audit found that DCS caseworkers sometimes submit court reports that are late, not sufficiently detailed, or that do not clearly highlight progress on case plan goals. For example, the audit cited

a 2016 informal analysis of court reports in Maricopa County which found that 32% of DCS court reports were submitted late and 6% of reports were not submitted at all.

Department policy also requires DCS caseworkers to attend Foster Care Review Board (FCRB) reviews. The FCRB makes recommendations to the juvenile courts on achieving permanency for each child. The audit found that DCS caseworkers only attended between 57% and 65% of FCRB reviews in each month since June 2015. The department performs kinship searches to identify relatives with whom out-of-home children may stay temporarily. The audit found that DCS caseworkers do not always document their searches for kin, which may result in duplicative efforts. In addition, DCS' family locate unit had a backlog of 452 kinship search requests from caseworkers in September 2016.

Recommendations

The audit recommends that DCS track and analyze court report submission dates, develop guidance regarding supervisory review of court reports to ensure adequate detail is included, work with the juvenile courts to better present case plan progress in court reports, and develop policies and procedures to improve caseworker attendance at FCRB reviews.

For kinship searches, the audit recommends that DCS establish a monitoring process for documentation of these searches, establish a formal timeframe to process requests, and transfer some requests to other DCS staff.

DCS did not agree to the recommendations listed above. The department claims that measuring timeliness for submissions of court reports without tracking data from the courts is not possible, the current court report template complies with statute and administrative code, and that caseworker attendance at FCRB reviews is not required by state or federal law. For the kinship search recommendations, DCS claims that the recommendations would not increase the percentage of children placed with kin, and that the percentage of children placed with kin in Arizona (42.2%) is already above the national average of 22.2%.

The audit also recommended that DCS continue to implement existing plans related to permanency practices: 1) reducing time before permanency is achieved 2) timeliness of filing Termination of Parental Rights (TPR) petitions for children with a permanency goal of adoption 3) retention and recruitment of foster homes and 4) increasing foster children's connections to their family and community. DCS agreed to implement these recommendations.

Prior Audits

The Auditor General has completed DCS audits on the following issues in the last 5 years:

- Permanency Practices
- Differential Response
- Safety and Risk Assessment Practices
- Chapin Hall Independent Review
- Comparison of Reports
- Emergency and Residential Placements
- Transportation Services
- Foster Home Recruitment Contracts
- In-Home Services

The FY 2017 Human Services BRB (Laws 2016, Chapter 123) requires the Auditor General to complete audits of DCS' administrative staffing level by February 1, 2017, recruitment and training of staff by September 30, 2017, and DCS' Families F.I.R.S.T. substance abuse treatment program by March 31, 2018.

The Baseline would require 3 new audits as part of the FY 2018 budget. The Legislature will have to decide on appropriate topics for these audits during session.

Title IV-E Waiver

In September 2014, the U.S. Department of Health and Human Services (HHS) granted DCS' request for a federal Title IV-E waiver focused on reducing the length of stay for children in congregate care. Congregate care includes emergency shelters, group homes and residential treatment centers. "IV-E" refers to the section of federal law authorizing federal government payment of foster care and related expenses.

As shown in *Table 7*, Title IV-E funding has been the state's primary source of federal funding for children placed outside the home in the child welfare system. Title IV-E funding is traditionally uncapped, so there is no limit on the amount of IV-E monies the state can draw down for qualifying expenses. In exchange for accepting a capped allocation of IV-E funding, HHS will allow DCS to use IV-E monies for a broader set of services, including in-home services. DCS began operating under the waiver in July 2016.

Line Item Transfers

DCS' appropriation delineates specific amounts for programs by line items. Agencies are generally permitted to shift funds among line items without further legislative

Table 2**DCS FY 2016 General Fund Line Item Transfers**

	FY 2016 Appropriation <u>1/</u>	Line Item Transfer <u>3/</u>	FY 2016 Actuals	FY 2017 Appropriation
Operating Budget <u>2/</u>	\$91,349,800	\$1,091,200	\$92,441,400	\$93,997,300
OCWI	9,562,700	(3,100,000)	6,462,600	9,509,100
General Counsel	156,100	(14,800)	140,100	155,500
Retention Pay	1,707,000	(1,076,400)	630,600	1,707,000
Adoption Services	69,965,800	(3,200,000)	66,765,800	75,965,800
Emergency and Residential Placement	43,328,000	100,000	43,428,000	41,028,000
Permanent Guardianship Subsidy	10,472,300	(320,000)	9,972,100	10,573,900
Grandparent Stipends	1,000,000	(100,000)	888,600	1,000,000
Out-of-Home Support Services	<u>82,304,900</u>	6,620,000	<u>88,735,200</u>	<u>56,933,200</u>
GF Subtotal	309,846,600		309,464,400	290,869,800
All Other Line Items	<u>92,566,200</u>		<u>92,569,100</u>	<u>88,309,600</u>
GF Grand Total	\$402,412,800		\$402,033,500	\$379,179,400

1/ FY 2016 Appropriation includes the elimination of the payment deferral and the lump-sum supplemental allocated across line items.

2/ FY 2017 Appropriation figures include Operating budget and Caseworkers line item.

3/ Reflects line item transfers made as of September 2016.

review. However, given the magnitude of line item transfers made by DCS in FY 2015 and FY 2016, a FY 2017 General Appropriation Act footnote requires DCS to submit proposed line items to JLBC for review prior to executing transfers. The Baseline would continue this footnote in FY 2018.

Table 2 above shows the transfers of General Fund monies made by DCS between line items in FY 2016. DCS transferred a total of \$7.8 million in FY 2016. The Out-of-Home Support Services line item received \$6.6 million of these transfers, and the operating budget received another \$1.1 million. The largest decreases from were Adoption Services and Office of Child Welfare Investigations (OCWI).

The largest difference between FY 2016 actual expenditures net of transfers and the FY 2017 appropriation is in the Out-of-Home Support Services line item. The FY 2017 General Fund appropriation of \$56.9 million for Out-of-Home Support Services is \$(31.8) million less than actual General Fund spent in that line item in FY 2016. Most of the decrease is associated with the removal of one-time funding for addressing the backlog, eliminating the payment deferral, and the FY 2016 lump-sum supplemental. However, in its November Monthly Financial Report, DCS is projecting a General Fund shortfall of \$(18.4) million in Out-of-Home Support Services. The Legislature will need to determine whether to address the potential shortfall in Out-of-Home Support Services and whether to retain FY 2016 transfers as part of the FY 2018 budget process.

Caseworker Hiring

The Legislature has funded 1,406 caseworkers (direct line staff). Table 3 displays DCS progress in hiring these staff. As of November 2016, DCS had filled 1,343 of these positions, or (63) fewer filled positions than the funded amount. Most of the unfilled positions are case-carrying caseworkers. About 17% of direct line staff, or 233 positions, are in training.

Table 3

DCS Caseworker Hiring			
Direct Line Staff Type	Funded Positions	Nov. 2016	Difference
Case-Carrying Caseworkers	1,190	1,042	(148)
Caseworkers in Training	140	233	93
Hotline Staff	<u>76</u>	<u>68</u>	<u>(8)</u>
Total	1,406	1,343	(63)

Caseworker Workload

DCS established revised caseload goals during the May 2014 Special Session. The caseload standard is to have no more than 13 cases per investigator, 33 cases for in-home case managers, and 20 cases for out-of-home case managers. Based on data reported by the department, caseworker workload remains above the caseload standards. Due to numerous methodological challenges, however, it is difficult to compare caseworker workload across offices.

TANF Block Grant

The federal TANF Block Grant can be deposited into the federal Social Services Block Grant (SSBG); once deposited, the monies are spent on DCS programs. The federal government caps the amount of TANF Block Grant monies that can be transferred to the SSBG at 10%. The Baseline would continue a footnote in the General Appropriation Act allows DCS to make this transfer of TANF monies in the Out-of-Home Support Services, Emergency and Residential Placement, and Foster Care Placement line items to the SSBG. This amount is estimated at \$20,141,300 in FY 2017. The transfer to SSBG provides additional funding flexibility to DCS.

DCS Reporting Requirements

DCS provides a number of reports to the Governor and Legislature, including:

- Semi-Annual Child Welfare Report - tracks program performance measures
- Semi-Annual Financial & Program Accountability Report - tracks program performance measures
- Monthly Program Report - tracks program performance measures
- 30th of the Month Report - focuses on potential funding shortfalls during the current fiscal year
- Healthy Families Annual Report - home visitation program for at-risk families with young children
- Report on bridge loan elimination
- Report on backlog privatization
- Reports on administrative staff
- Monthly report on hiring and separations
- Report on potential deficiencies related to DCS' financial processes
- Report on Housing Assistance
- Independent Living Report
- Review of foster home requirements
- Behavioral Health Report
- Quarterly Benchmark Report - tracks caseworker hiring, backlog elimination, open reports, foster children and caseworker workload
- Summary of DCS Grants
- Community Advisory Committee Quarterly Report
- Joint Investigations Report
- OCWI Line Item Fund Transfer Report
- CHILDS Independent Third-Party Consultant Report
- Kinship Foster Care Report
- Arizona Families F.I.R.S.T. Report
- Expedited Substance Abuse Treatment Fund Report

- Report on the Implementation of Auditor General Recommendations
- Intensive Family Services Expenditure Plan

In addition to these reports, DCS provides a number of different reports to the federal government and other groups, such as Casey Family Programs and Chapin Hall.

In an effort to streamline DCS' reports, Laws 2014, 2nd Special Session, Chapter 1 requires JLBC, OSPB, and DCS to make recommendations on DCS report consolidation by September 1, 2016. The JLBC Staff recommended that DCS and OSPB develop a consolidated executive proposal to modify existing reports by December 31, 2016 for consideration by the Legislature in the 2017 regular session.

ADOA-DCS Start-Up Funding

The Arizona Department of Administration (ADOA) was originally appropriated \$19,500,000 for one-time costs associated with the establishment of DCS. The FY 2017 General Appropriation Act made the remaining \$4,403,900 available through the end of FY 2017. The Baseline includes no transitional funding in FY 2018 for the creation of the Department of Child Safety. *(Please refer to the FY 2017 Appropriations Report for additional information.)*

Table 4

Increase in State Child Safety Funding ^{1/}
(\$ in Millions)

Staffing	FY 2013/2014	FY 2015	FY 2015 SS	FY 2016	FY 2017	Total (FY 17 Above FY 12)
Child Safety Staff (caseworkers & others)	\$17.7 ^{2/}	\$15.3	\$6.2	(\$1.2) ^{3/}	\$2.5	\$40.5
Central Administrative Staff	0.0	0.0	0.0	0.0	6.7	6.7
Child Safety Staff Pay Raise/Retention Stipend	1.0	0.0	1.7	0.0	0.0	2.7
OCWI Staff	2.3	1.8	5.3	0.1	0.0	9.5
Records Retention Staff	0.0	0.5	0.0	0.0	0.0	0.5
Child Safety Legal Staff	1.5	see '16	0.0	1.0	5.0	7.5
Internal Legal Counsel	0.0	0.0	0.2	0.0	0.0	0.2
Inspections Bureau	0.0	0.0	2.2	(0.2) ^{3/}	0.0	2.0
Residential Placements						
Congregate Care	13.0	0.0	0.0	(5.1) ^{4/}	8.0	15.9
Congregate Care Backfill	0.0 ^{5/}	0.0	6.5	0.0	0.0	6.5
Foster Care	4.8	0.0	0.0	2.7 ^{4/}	2.3	9.8
Grandparent Stipends	1.0	0.0	0.0	0.0	0.0	1.0
Permanent Guardianship	2.4	0.0	0.0	1.0	0.1	3.5
Adoption Services	19.9	6.0	0.0	7.0	6.0	38.9
Services						
Intensive Family Services/In-Home Mitigation	5.0	3.5	0.0	0.0	5.0	13.5
Support Services	4.0	5.6	0.0	4.4 ^{4/}	12.5	26.5
Child Care	9.0	0.0	0.0	0.0	2.0	11.0
Backlog						
Privatization	0.0	0.0	0.0	2.7	0.0	2.7
Action Determination	0.0	0.0	0.2	(0.2)	0.0	0.0
Investigation	0.0	0.0	4.2	(4.2)	0.0	0.0
Out-of-Home Care Placement	0.0	0.0	6.8	(2.3)	0.0	4.5
Out-of-Home Care Services	0.0	0.0	7.6	(2.5)	0.0	5.1
In-Home Care Services	0.0	0.0	4.2	(1.4)	0.0	2.8
Other						
Training Resources	0.0	0.0	0.2	0.0	0.0	0.2
Internet Crimes Against Children	0.0	0.0	0.4	0.0	(0.3)	0.1
Partial Deferral Payoff	0.0	0.0	3.0	(3.0)	0.0	0.0
Federal Funds Backfill	18.5	0.0	0.0	0.0	0.0	18.5
Contingency	10.5	0.0	0.0	0.0	0.0	10.5
Statewide Adjustments	0.0	0.0	0.0	(0.7)	(0.7)	(1.4)
Eliminate Payment Deferral	0.0	0.0	0.0	11.0	(11.0)	0.0
Lump Sum Supplemental	0.0	0.0	0.0	32.3	(32.3)	0.0
TANF Swap	0.0	0.0	0.0	0.0	(4.0)	(4.0)
Non-General Fund Solutions	0.0	0.0	0.0	0.0	(25.0)	(25.0)
Total - DCS Agency	110.8	32.7	48.7	41.4	(23.2)	210.2
Other Agency Funding						
New Agency One-Time Funding (ADOA) ^{6/}	0.0	19.5	0.0	(19.5)	0.0	0.0
CHILDS Replacement (ADOA)	0.0	5.0	0.0	(5.0)	4.6	4.6
Judiciary - Dependency Caseload Growth	0.0	0.0	0.0	0.0	3.0	3.0
Auditor General	0.0	0.0	0.3	(0.3)	0.0	0.0
Total ^{7/}	\$110.8	\$57.1	\$48.8 ^{8/}	\$16.6	(\$15.6)	\$217.7

^{1/} Each year shows the increase over the prior fiscal year. The FY 2015, FY 2016 and FY 2017 amounts are General Fund, while the FY 2014 and FY 2013 amounts include General Fund and Long Term Care System Fund.

^{2/} The \$5.7 million supplemental (Laws 2014, 2nd Regular Session) is not shown so as not to double count the funding.

^{3/} Represents elimination of one-time equipment funding.

^{4/} Foster care savings policy of \$(2.0) million consists of \$(5.1) million in congregate care, \$2.7 million in foster care, and \$0.4 million in support services.

^{5/} The \$5.1 million supplemental (Laws 2014, 2nd Special Session) is not shown so as not to double count the funding.

^{6/} Total appropriation of \$25.0 million subsequently reduced to \$19.5 million.

^{7/} Numbers do not add due to rounding.

^{8/} Excludes \$0.8 million for the Legislative Council Ombudsman.

Table 5

**New Child Safety FTE Positions
(All Funds)**

	<u>FY 2013</u>	<u>Part 1 FY 2014 1/</u>	<u>Part 2 FY 2014 2/</u>	<u>FY 2015</u>	<u>FY 2015 SS 3/</u>	<u>FY 2017</u>	<u>Total Change 4/</u>
Central Administrative Staff	-	-	-	-	-	60	60
Caseworkers/Hotline Staff	50	93	126	32	54	-	355
OCWI Staff	28 5/	-	-	20	73	-	121
Assistant Program Managers	4	2	4	-	2	-	12
Unit Supervisors	-	16	20	6	10	-	52
Case Aides	-	23	30	9	15	-	77
Records Retention Staff	-	-	-	5	-	-	5
AG Legal Staff via DCS	-	22	-	-	-	42	64
AG Legal Staff (Direct) 6/	-	-	-	12	-	-	12
In-House Counsel	-	-	-	-	1	-	1
Inspections Bureau	-	-	-	-	21	-	21
Support Staff/Other	-	16	12	3	9	34	74
Subtotal - New	82	172	192	87	185	136	854
Transferred Staff	-	-	-	-	99 7/	-	99
Subtotal - New and Transferred	82	172	192	87	284	136	953
Total Child Safety Staff	N/A	N/A	N/A	N/A	N/A	N/A	3,193

1/ Represents original FY 2014 budget.

2/ Represents FY 2014 supplemental in 2nd Regular Session.

3/ Reflects 2nd Special Session.

4/ Total change in FTE Positions since FY 2012.

5/ The agency indicates that 34 OCWI staff were hired.

6/ Shifted to DCS in FY 2016.

7/ Represents administrative staff transferred from DES, including 10 Inspections Bureau Staff.

Table 6

**Child Safety Total Fund Expenditures
(\$ in Millions)**

<u>Fiscal Year</u>	<u>Expenditures</u>	<u>Reports of Child Maltreatment</u>
2008	\$509.9	34,989
2009	\$487.6	33,186
2010	\$448.9	33,839
2011	\$478.8	34,904
2012	\$561.2	40,517
2013	\$625.8	44,119
2014	\$710.9	45,368
2015 1/	\$846.2	51,075
2016 Actual 2/	\$939.0	49,135
2017 Appropriation 3/	\$972.6	TBD

1/ Excludes \$25.0 million for start-up funding appropriated to ADOA, \$5.0 million for CHILDS replacement, \$0.8 million for the Ombudsman and \$0.3 million for the Auditor General. Includes \$1.2 million for Attorney General expenses appropriated to the Attorney General.

2/ Excludes \$0.8 million for the Ombudsman.

3/ Excludes \$4.6 million for CHILDS Replacement and \$3.0 million for Judiciary caseload growth.

Table 7

Child Safety Expenditure Authority by Federal Fund Source and Line Item
(\$ in Millions)

Federal Fund Source 1/	Operating		New Case		Attorney		Inspections		Overtime		Records		Training	
	Budget	Caseworkers	Aides	General	Bureau	OCWI	Pay	Retention	Resources	Pay	Retention	Resources		
AHCCCS	\$12.0	\$0.0	\$0.0	\$0.0	\$0.1	\$0.0	\$0.4	\$0.0	\$0.0					
AIPP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
CAN Basic	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
CBCAP	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Chafee ETV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
Chafee IL	0.4	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0					
HF FTF	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
HF Lottery	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
HF MIECHV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
SSBG	0.0	5.5	0.0	1.4	0.0	0.0	0.0	0.0	0.0					
IV-B I CWS	0.0	5.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
IV-B II FPCV	0.0	0.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
IV-B II FPSS	0.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0					
IV-E	20.0	16.1	0.6	0.0	0.7	1.6	1.9	0.1	5.0					
Over/(Under) Allocated Authority	6.8	6.5	0.0	5.2	(0.2)	(0.5)	(0.4)	0.0	0.0					
Total	\$41.1	\$34.2	\$0.6	\$6.7	\$0.6	\$1.1	\$1.9	\$0.1	\$5.0					

Child Safety Expenditure Authority by Federal Fund Source and Line Item (\$ in Millions)									
Federal Fund Source 1/	Adoption	Emergency &	Foster	Independent	Child	In-Home	Preventive	Out-of-Home	Total
	Services	Residential	Care	Living	Care	Mitigation	Services	Services	
AHCCCS	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$42.0	\$54.5
AIPP	4.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.0
CAN Basic	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
CBCAP	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.7
Chafee ETV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.5	1.5
Chafee IL	0.0	0.0	0.0	1.5	0.0	0.0	0.0	3.1	5.1
HF FTF	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.2
HF Lottery	0.0	0.0	0.0	0.0	0.0	0.0	6.1	0.0	6.1
HF MIECHV	0.0	0.0	0.0	0.0	0.0	0.0	4.4	0.0	4.4
SSBG	0.0	5.8	0.0	0.0	0.0	0.0	0.0	0.0	12.7
IV-B I CWS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	5.6
IV-B II FPCV	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.5
IV-B II FPSS	0.5	0.0	0.0	0.0	0.0	5.6	0.0	0.0	6.8
IV-E	123.8	35.9	25.8	0.0	14.7	0.0	0.0	20.0	266.2
Over/(Under) Allocated Authority	1.0	(0.2)	2.6	0.2	(3.5)	0.2	0.4	28.4	46.5
Total	\$129.3	\$41.5	\$28.4	\$1.7	\$11.2	\$5.8	\$11.1	\$95.0	\$415.3

SUMMARY OF FUNDS	FY 2016 Actual	FY 2017 Estimate
Child Abuse Prevention Fund (CHA2162/A.R.S. § 8-550.01)		Appropriated
Source of Revenue: A portion of monies (1.93%) from statutory filing and copy fees collected by the Superior Court and all funds received through check-off contributions on the Arizona tax form. Monies also may come from a surcharge on certified copies of death certificates when revenues from the surcharge exceed \$100,000 for the year.		
Purpose of Fund: To provide financial assistance to community treatment programs, benefiting abused children and their parents or guardians. An amount of not more than 5% may be expended for administrative expenses related to the fund.		
Funds Expended	1,459,300	1,459,300
Year-End Fund Balance	966,800	945,900
Child Restraint Fund (CHA2192/A.R.S. § 28-907)		Non-Appropriated
Source of Revenue: Fines or penalties from parents, guardians, or legal custodians who fail to sufficiently restrain in children under the age of 8 in motor vehicles.		
Purpose of Fund: To purchase child passenger restraint systems and provide them to hospitals for loan to indigent persons. Monies in the fund shall not exceed \$20,000. All monies collected over \$20,000 shall be deposited in the Arizona Highway User Revenue Fund.		
Funds Expended	0	0
Year-End Fund Balance	240,500	477,200
Child Safety Expedited Substance Abuse Treatment Fund (CHA2421/A.R.S. § 8-812)		Non-Appropriated
Source of Revenue: Appropriations from the state General Fund.		
Purpose of Fund: To provide expedited drug treatment to guardians and parents when a dependency case plan calls for treatment. Expenditures from this fund are not displayed to avoid double counting General Fund monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Child Safety Expenditure Authority (CHA2009/A.R.S. § 41-101.01)		Expenditure Authority
Source of Revenue: All non-appropriated funds and Federal Funds for the Department of Child Safety, excluding the Federal Temporary Assistance for Needy Families Block Grant, the Federal Child Care and Development Fund, the Client Trust Fund, and the Economic Security Donations Fund.		
Purpose of Fund: To fund the Department of Child Safety.		
Funds Expended	358,995,000	415,269,400
Year-End Fund Balance	0	0
Children and Family Services Training Program Fund (CHA2173/A.R.S. § 8-503.01)		Appropriated
Source of Revenue: A portion of monies collected from fees charged for copies of child welfare files and assessments against legally responsible parties for the support of a child in the state's custody. The fund receives 90% of the revenues collected. The remaining 10% of revenues are credited to the General Fund.		
Purpose of Fund: To administer training for child safety workers and employees in related programs. The monies cannot be used to pay salaries or expenses of the training staff. Up to 10% of the monies may be used to enhance the collection of monies owed to the agency. Any monies collected from fees for copies of child welfare files may be used only for reimbursing the department for its cost.		
Funds Expended	207,900	207,100
Year-End Fund Balance	277,000	160,600
Client Trust Fund (CHA3152/A.R.S. § 41-1954)		Non-Appropriated
Source of Revenue: Monies collected from Social Security, Veterans' Administration benefits, and other benefits payable to a child in the care, custody, or control of DCS.		
Purpose of Fund: To defray the costs of care and services expended for the benefit, welfare, and best interest of the child.		
Funds Expended	0	0
Year-End Fund Balance	6,214,600	7,767,900

SUMMARY OF FUNDS	FY 2016 Actual	FY 2017 Estimate
Economic Security Donations Fund (CHA3145/A.R.S. § 36-571, 41-1954)		Non-Appropriated
Source of Revenue: Grants, gifts, or bequests.		
Purpose of Fund: To be disbursed for the purpose of and in conformity with the terms of the grant, gift, or bequest.		
Funds Expended	0	0
Year-End Fund Balance	223,300	228,300
Federal CCDF Block Grant (CHA2008/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To be used for developing child care programs and policies that promote parental choice; providing consumer education to help parents make informed choices on child care; providing child care to welfare recipient parents; and implementing health, safety, licensing, and registration standards under state law for child care. Up to 5% of the aggregate amount of funds expended can be used for administrative costs. At least 4% of funds must be used for consumer education and activities for improving the quality and availability of child care. No monies can be used for purchasing land or building facilities to provide child care. DES has a separate allocation of CCDF.		
Funds Expended	27,000,000	27,000,000
Year-End Fund Balance	27,741,200	27,741,200
Federal TANF Block Grant (CHA2007/U.S. P.L. 104-193)		Appropriated
Source of Revenue: Federal formula grant.		
Purpose of Fund: To provide assistance to needy families with children so that children can be cared for in their own homes; to reduce dependency by promoting job preparation, work, and marriage; to reduce and prevent out-of-wedlock pregnancies; and to encourage the formation and maintenance of 2-parent families. DES has a separate allocation of TANF.		
Funds Expended	149,323,900	149,472,700
Year-End Fund Balance	100	100
Joint Substance Abuse Treatment Fund (CHA2429/A.R.S. § 8-881)		Non-Appropriated
Source of Revenue: Legislative appropriations from the General Fund and the Federal Temporary Assistance for Needy Families Block Grant.		
Purpose of Fund: To be jointly administered by DCS and the Department of Health Services for services to families and Federal Temporary Assistance for Needy Families recipients involved with DCS and whose substance abuse is a significant barrier to maintaining, preserving, or reunifying the family. An amount of not more than 5% can be used for program development costs. Up to 10% can be used for evaluating community programs delivering the services. Expenditures from this fund are not displayed to avoid double counting appropriated monies.		
Funds Expended	0	0
Year-End Fund Balance	0	0
Risk Management Revolving Fund (ADA4216/A.R.S. § 41-622)		Appropriated
Source of Revenue: Actuarial charges assessed to state agencies, boards, and commissions insured under the state's risk management system, as well as recoveries by the state through litigation.		
Purpose of Fund: To pay claim costs, administrative program costs, and to purchase insurance for coverage for losses not covered under the self-insured limits.		
Funds Expended	2,867,600	0
Year-End Fund Balance	0	0